

By: Kolkhorst, Buckingham

S.B. No. 1971

A BILL TO BE ENTITLED

AN ACT

relating to the deposit and allocation of certain funds to the Texas Racing Commission horse industry escrow account.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 12.020(r), Agriculture Code, is amended to read as follows:

(r) The commissioner shall transfer money paid as a [A] penalty and collected under this section to the Texas Racing Commission for deposit in the horse industry escrow account under Section 6.091(e), Texas Racing Act (Article 179e, Vernon's Texas Civil Statutes) [~~shall be deposited in the state treasury to the credit of the General Revenue Fund~~].

SECTION 2. Section 6.091(a), Texas Racing Act (Article 179e, Vernon's Texas Civil Statutes), is amended to read as follows:

(a) An association shall distribute from the total amount deducted as provided by Sections 6.08(a) and 6.09(a) of this Act from each simulcast pari-mutuel pool and each simulcast cross-species pool the following shares:

(1) as the amount set aside for the Texas-bred program to be paid to the commission for deposit as provided by Section 6.0912 of this Act:

(A) an amount equal to one percent of each simulcast pool [~~as the amount set aside for the state~~];

1 (B) [~~(2)~~] an amount equal to 1.25 percent of each
2 simulcast cross-species pool [~~as the amount set aside for the~~
3 ~~state~~]; and

4 (C) [~~(3)~~] if the association is a horse racing
5 association, an amount equal to one percent of a multiple two
6 wagering pool or multiple three wagering pool [~~as the amount set~~
7 ~~aside for the Texas-bred program to be used as provided by Section~~
8 ~~6.08(f) of this Act~~];

9 (2) [~~(4)~~] if the association is a greyhound
10 association, an amount equal to one percent of a multiple two
11 wagering pool or a multiple three wagering pool as the amount set
12 aside for the Texas-bred program for greyhound races, to be
13 distributed and used in accordance with rules of the commission
14 adopted to promote greyhound breeding in this state; and

15 (3) [~~(5)~~] the remainder as the amount set aside for
16 purses, expenses, the sending association, and the receiving
17 location pursuant to a contract approved by the commission between
18 the sending association and the receiving location.

19 SECTION 3. Section 6.091(e), Texas Racing Act (Article
20 [179e](#), Vernon's Texas Civil Statutes), is amended to read as
21 follows:

22 (e) The purse set aside under Subsection (c)(4) of this
23 section shall be deposited into the horse industry [~~an~~] escrow
24 account in the registry of the commission. Any horse racetrack
25 association in this state may apply to the commission for receipt of
26 all or part of the funds in the [~~escrowed purse~~] account for use as
27 purses. Any state horse breed registry listed in Section 6.08(i) of

1 this Act may apply for receipt of funds in the account for any event
2 that furthers the horse industry. The commission shall determine
3 to which horse racetracks and to which state horse breed registries
4 the funds in the [escrowed purse] account shall be allocated and in
5 what percentages, taking into consideration purse levels, racing
6 opportunities, and the financial status of a [the] requesting
7 racetrack or requesting breed registry. The commission shall not
8 allocate annually more than 70 percent of the amount deposited into
9 the horse industry escrow account to horse racetrack associations
10 for use as purses. [~~The first distribution of the escrowed purse~~
11 ~~account allocated to a racetrack under this section may not be made~~
12 ~~before October 1, 1998.~~]

13 SECTION 4. Article 6, Texas Racing Act (Article 179e,
14 Vernon's Texas Civil Statutes), is amended by adding Section 6.0912
15 to read as follows:

16 Sec. 6.0912. DEPOSITS INTO HORSE INDUSTRY ESCROW ACCOUNT.

17 (a) The commission shall deposit into the horse industry escrow
18 account established under Section 6.091(e), the following amounts
19 collected or received by the commission:

20 (1) amounts for the Texas-bred program collected or
21 received under Section 6.08 or 6.091(a) of this Act;

22 (2) fees on the use of an automatic banking machine
23 under Section 11.04 of this Act;

24 (3) money paid as administrative penalties under
25 Section 12.020, Agriculture Code, and transferred to the commission
26 under Subsection (r) of that section; and

27 (4) any amount appropriated to the commission for the

1 purpose of purses for horse or greyhound races.

2 (b) In each state fiscal biennium, the commission shall
3 deposit the amounts listed under Subsection (a) of this section and
4 the comptroller shall deposit the amounts allocated under Section
5 151.801(c-3), Tax Code, into the escrow account for purses
6 established under Section 6.091(e) of this Act, until the
7 comptroller determines the amount deposited into the account in
8 that fiscal biennium equals the greater of:

9 (1) the amount appropriated to the commission for the
10 purpose of purses for horse or greyhound races for that fiscal
11 biennium; or

12 (2) \$25 million.

13 (c) Once the comptroller determines the greater of the
14 amount described by Subsection (b)(1) or (2) has been deposited
15 during a state fiscal biennium into the escrow account for purses
16 established under Section 6.091(e) of this Act, for the remainder
17 of that fiscal biennium:

18 (1) the commission shall deposit the amounts listed
19 under Subsection (a) of this section into the general revenue fund;
20 and

21 (2) the comptroller shall deposit the amounts
22 allocated under Section 151.801(c-3), Tax Code, into the general
23 revenue fund.

24 SECTION 5. Section 11.04(e), Texas Racing Act (Article
25 179e, Vernon's Texas Civil Statutes), is amended to read as
26 follows:

27 (e) An association that allows a machine in an enclosure as

1 provided by Subsection (c) shall collect a fee of \$1 for each
2 transaction under Subsection (c). The commission shall adopt rules
3 providing for collection, reporting, and auditing of the
4 transaction fee. The association shall forward the fee to the
5 commission. The commission shall deposit the fees collected under
6 this section as provided by Section 6.0912 of this Act [~~deposit the~~
7 ~~fee to the credit of the general revenue fund~~].

8 SECTION 6. Section [151.801](#), Tax Code, is amended by
9 amending Subsections (a) and (d) and adding Subsection (c-3) to
10 read as follows:

11 (a) Except for the amounts allocated under Subsections (b),
12 (c), [~~and~~ (c-2), and (c-3)], all proceeds from the collection of the
13 taxes imposed by this chapter shall be deposited to the credit of
14 the general revenue fund.

15 (c-3) An amount equal to the proceeds from the collection of
16 the taxes imposed by this chapter on the sale, storage, or use of
17 horse feed, horse supplements, and horse tack shall be deposited to
18 the credit of the horse industry escrow account administered by the
19 Texas Racing Commission and established under Section 6.091, Texas
20 Racing Act (Article [179e](#), Vernon's Texas Civil Statutes).

21 (d) The comptroller shall determine the amount to be
22 deposited to the highway fund under Subsection (b) according to
23 available statistical data indicating the estimated average or
24 actual consumption or sales of lubricants used to propel motor
25 vehicles over the public roadways. The comptroller shall determine
26 the amounts to be deposited to the funds or accounts under
27 Subsection (c) according to available statistical data indicating

1 the estimated or actual total receipts in this state from taxable
2 sales of sporting goods. The comptroller shall determine the
3 amount to be deposited to the fund under Subsection (c-2) according
4 to available statistical data indicating the estimated or actual
5 total receipts in this state from taxes imposed on sales at retail
6 of fireworks. The comptroller shall determine the amount to be
7 deposited to the account under Subsection (c-3) according to
8 available statistical data indicating the estimated or actual total
9 receipts in this state from taxable sales of horse feed, horse
10 supplements, and horse tack. If satisfactory data are not
11 available, the comptroller may require taxpayers who make taxable
12 sales or uses of those lubricants, of sporting goods, [~~or~~] of
13 fireworks, or of horse feed, horse supplements, or horse tack to
14 report to the comptroller as necessary to make the allocation
15 required by Subsection (b), (c), [~~or~~] (c-2), or (c-3).

16 SECTION 7. Section 151.801(e), Tax Code, is amended by
17 adding Subdivisions (4) and (5) to read as follows:

18 (4) "Horse feed" means a product clearly packaged and
19 labeled as feed for a horse.

20 (5) "Horse supplement" means a product clearly
21 packaged and labeled as a supplement for a horse, including a
22 vitamin, mineral, or other nutrient intended to supplement horse
23 feed.

24 SECTION 8. Section 6.091(b), Texas Racing Act (Article
25 179e, Vernon's Texas Civil Statutes), is repealed.

26 SECTION 9. The change in law made by this Act to Section
27 12.020(r), Agriculture Code, applies to a penalty collected on or

1 after the effective date of this Act, regardless of when the
2 underlying conduct giving rise to the penalty occurred.

3 SECTION 10. (a) The changes in law made by this Act to the
4 Texas Racing Act (Article 179e, Vernon's Texas Civil Statutes)
5 apply to the deduction from a pari-mutuel pool for a race conducted
6 by a racetrack association or a fee collected for an automatic
7 banking machine transaction on or after the effective date of this
8 Act.

9 (b) As soon as practicable after the effective date of this
10 Act, the Texas Racing Commission shall revise existing rules or
11 adopt new rules as necessary to comply with the Texas Racing Act
12 (Article 179e, Vernon's Texas Civil Statutes), as amended by this
13 Act.

14 SECTION 11. This Act takes effect only if a specific
15 appropriation for the implementation of the Act is provided in a
16 general appropriations act of the 85th Legislature.

17 SECTION 12. This Act takes effect September 1, 2017.